



City of Huntington Beach

Cannabis Petition Response Options

**City Council Study Session
December 21, 2021**



Background – Key State Legislation

1996

Prop 215 passed Compassionate Use Act

Legalized medical cannabis

2015

Medical Cannabis Regulation and Safety Act (MCRSA)

Established a comprehensive state regulatory framework for the licensing and enforcement of medical cannabis

2016

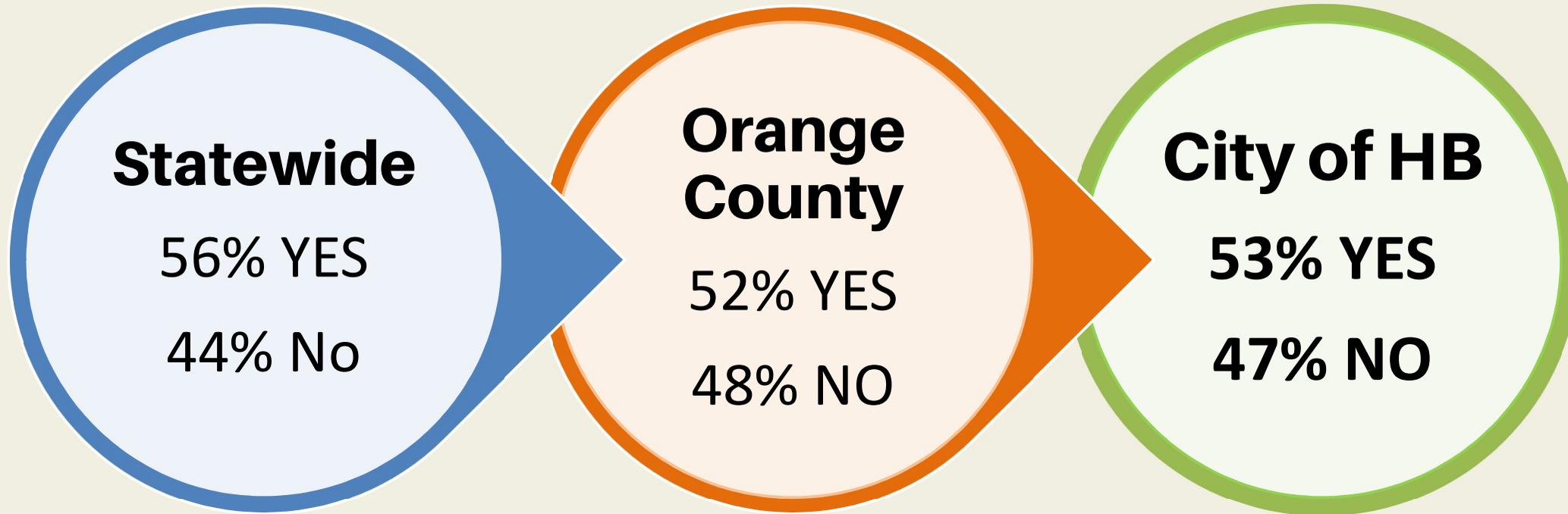
Prop 64 passed Adult Use of Marijuana Act (AUMA)

Legalized the recreational use of cannabis by persons 21+ years and certain commercial cannabis businesses (must have state & local licenses)



Background – HB Mirrored Statewide Attitudes

- In 2016, 53% of HB voters approved Prop 64, vs. 56% of voters Statewide, and 52% of voters in Orange County.



City of Huntington Beach – Where are we?



- Currently, the City prohibits any commercial establishment of either medical and non-medical/recreational cannabis activities
 - Exception: allowing/regulating non-medical marijuana cultivation per a private residence up to six (6) plants

03. 2005

Emergency
Ordinance #3703

Approved medical marijuana dispensaries in the specific Industrial Zone districts

11. 2007

Ordinance #3788

Amended the Zoning Ordinance (HBZSO) eliminate medical marijuana dispensaries as a permitted use in any zoning district

03. 2015

Amended HBZSO that adds expressly articulated language that medical marijuana dispensaries, including mobile ones, are prohibited

08. 2017

Ord #4137

to ban the commercial sale and distribution of non-medical /recreational marijuana anywhere in the City except a minor exception.



Cannabis Petitions Filed In HB

- Two private parties have filed separate cannabis petitions requesting that the City prepare documents allowing their proposed regulations to be placed before the voters of Huntington Beach for consideration
 - November 3 – *Huntington Beach Cannabis Taxation and Regulation Act*
 - December 2 – *Huntington Beach Cannabis Regulation & Land Use Measure*



Signature Gathering Efforts Initiated

- Of note, City staff is aware that signature gathering efforts have commenced for at least one of the measures
 - Once petition proponents have certified publication of their notice, they will have 180 days to collect the requisite signatures
 - If signatures are gathered from at least 10% of registered voters, the City Council will have to either:
 - Adopt the proposed regulation
 - Place the matter before HB voters at either a special election or the next regularly scheduled election
 - HB has ~130K registered voters



Meeting w/ Legal Cannabis Industry Reps

- Representatives from the legal cannabis industry requested a meeting with City staff in mid-November to discuss their intent to circulate a voter initiative in Huntington Beach
 - The legal cannabis industry representatives eventually filed their petition on December 2, the *Huntington Beach Cannabis Regulation & Land Use Measure*
- Industry representatives indicated that their clients were prepared to deploy significant financial resources to obtain the signatures needed to place a measure before HB voters that would legalize cannabis sales in Huntington Beach



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Current Cannabis Industry Proposal

- Requires City issues 12 cannabis facility operating permits
- Allows commercial cannabis activity in all commercial and industrial areas of the City, including Specific Plan Area 5 (Downtown) and Specific Plan Area 14 (Beach / Edinger Corridor)
- Stores can be located anywhere in the commercial / industrial zones, with only the minimum required 600 foot buffer from school sites
- Imposes a general tax on cannabis sales in the City as follows:
 - Medicinal Cannabis Retailers – 2% of gross receipts (up to 4%)
 - Adult-Use Retailers – 3% of gross receipts (up to 5%)
 - Distribution / Manufacturing / Cultivation – 1% of gross receipts



Initial Staff Assessment

- Staff has concerns with the scale to which commercial cannabis activities would be permitted under the current proposal
 - The number of allowable stores under the proposal has created concerns
 - The inability to restrict where stores can be located is also of concern
 - There also appears to be less than desired public benefits associated with the current proposal
- In discussions with industry representatives, there was a willingness to discuss possible compromise regulations that might possibly reduce the scale to which commercial cannabis



City Council Discussion / Direction

- There is no formal action needed by the City at this time, however, given the likelihood that the cannabis industry proposal will succeed in making it onto the ballot, staff is interested in engaging a discussion with the City Council on the following matters:
 - Interest in engaging the cannabis industry in negotiations on an alternative compromise measure?
 - Interest in forming a City Council ad-hoc subcommittee to further assess this particular matter?
 - Discussion / dialogue over other cannabis related matters of concern?





QUESTIONS?